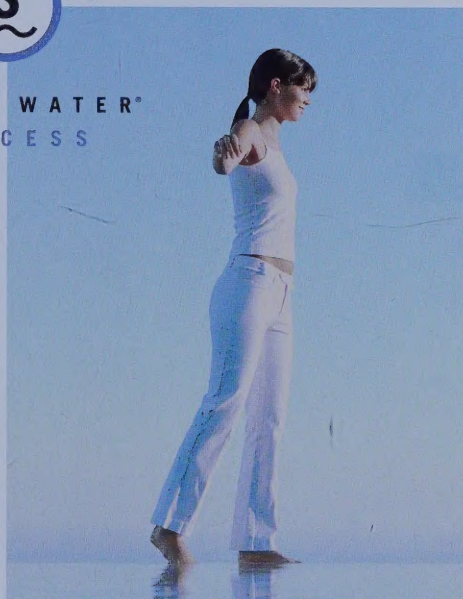




SWISS WATER®
PROCESS



Swiss Water
Decaffeinated Coffee
Income Fund

Annual Report

For the Year ended
December 31

2004

Fund Profile

The Swiss Water Decaffeinated Coffee Income Fund is a limited purpose, open-ended trust created to acquire and hold the securities of Swiss Water Decaffeinated Coffee Company Inc. ("SWDCC").

COMPANY OVERVIEW

Headquartered in Burnaby, British Columbia, SWDCC is the world's only consumer branded chemical-free coffee decaffeinator, and the only decaffeination process that has been certified organic by both the OCIA and Aurora Certified Organic. As the sole branded decaffeination method, the Swiss Water® Process enjoys substantial recognition in the specialty coffee trade and with consumers.

Our business strategy has four key elements:

- Build consumer demand for the 100% chemical-free Swiss Water® Process brand
- Dominate the organic decaffeinated coffee market
- Build sales in the higher margin independent coffee house segment
- Increase Swiss Water® Process capacity to develop the mainstream chemical-free decaffeinated segment

With the ongoing expansion of the specialty coffee market, favourably shifting demographics, growing demand for organically-certified foods, rising concern around food provenance, and a product that imparts valuable benefits to both coffee retailers and consumers, SWDCC is well positioned for future growth.

FACILITIES

We operate the world's only Swiss Water® Process plant from the Vancouver suburb of Burnaby, British Columbia, Canada.

PRODUCTS

SWDCC decaffeinate customer-owned coffees, including organically-certified coffees, for a toll fee. We also purchase high-quality green coffees from more than 10 different countries, decaffeinate them and then market them to the green coffee trade.

CUSTOMERS

SWDCC has established long-term customer relationships with many well-known companies, including Second Cup, Kraft Foods, Starbucks, Tim Hortons, Diedrich Coffee, Nabob Coffee Co. and President's Choice.

Approximately 58 per cent of our revenue comes from the United States, 32 per cent from Canada, and the balance from international markets.

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	<i>IBC : Board of Trustees</i>	<i>OBC : Corporate/Fund Information</i>

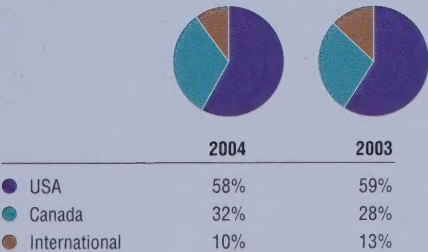
Financial Highlights

(\$ thousands except per unit amounts)

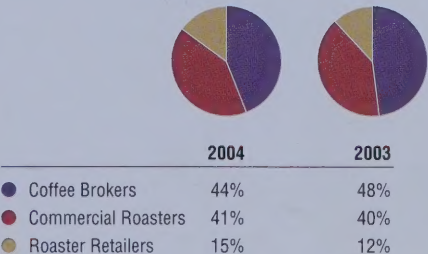
For the year ended December 31	2004	2003
Operations		
Sales	\$ 24,817	\$ 24,305
Operating income (EBITDA)	8,875	8,547
Net income	7,012	6,312
Distributable Cash and Distributions		
Distributable cash generated	\$ 8,590	\$ 7,911
Distributable cash generated per unit	1.34	1.45
Distributions declared	8,294	7,103
Distributions declared per unit	1.30	1.30

- Recorded 12% year-over-year volume growth
- Achieved record processing rates
- Launched strategy to better penetrate organic segment through a series of new non-toll product offerings
- Completed a private placement of 1,220,000 units to raise gross proceeds of \$18 million
- Commenced construction for major expansion of Burnaby, British Columbia SWISS WATER® Process facilities
- Distributed \$1.30 per unit, meeting annual distribution target

Revenue by Geographic Region



Revenue by Customer Segment



To our Unitholders

We are pleased to present the third annual report of the Swiss Water Decaffeinated Coffee Income Fund.

The specialty coffee market continues to gain velocity, and underlying consumer growth in the decaffeinated coffee category is boosting demand for our products. During 2004, we maintained our record of strong financial performance, despite being challenged by the declining value of the US dollar and increased competitive activity.

In our second full year as an income trust, we grew sales volumes in each segment of our business again. To support our increasing market penetration, our operations team worked hard to optimize our production output, achieving our highest ever processing rates and efficiencies. We also broke ground for a major plant expansion that will enable us to meet accelerating demand for our products well into the future.

DELIVERING PREMIUM PERFORMANCE

In 2004, we decaffeinated 12% more coffee, by weight, than in 2003, marking the fifth consecutive year of double-digit volume growth for the Swiss Water Decaffeinated Coffee Company Inc. (SWDCC).

The increase was driven by rising demand from several key customers both in North America and internationally. Our volume growth contributed to an 11% increase in the Fund's net income, which improved to \$7.0 million in 2004 from \$6.3 million in 2003.

LEVERAGING THE SWISS WATER® BRAND WITH CONSUMERS

Throughout the year, we concentrated on expanding our market penetration by strategically targeting broker, roaster and retailer customers, and backing up our trade-focused initiatives with consumer awareness programs to drive demand for the SWISS WATER® brand. These programs help our customers to attract those consumers who already appreciate the benefits of premium coffee that's decaffeinated without chemicals, and to share our message with those who don't.



Building the premium Swiss Water® brand name through targeted media.

In addition to providing educational materials for front line retail staff, we make many high-quality consumer marketing resources available to our customers through the SWISS WATER® Licensed Vendor Program. In 2004, we fortified our point-of-sale portfolio with new grocery coffee shelf material and consumer education cards for retail coffee shops. We also continued to work closely with our customers to develop co-branding initiatives that place our logo on their product packaging and promotional materials.

BUILDING OUR INTERNATIONAL BUSINESS

We continue to see similarly promising results from our efforts to expand our business base outside of North America. In 2004, our international volume grew by 10%, excluding the impact of a one-time special order from a customer in Japan in 2003 that was not repeated in 2004. This growth was generated primarily by targeted marketing initiatives in Australia, New Zealand and the United Kingdom. Our recent success in the Australia and New Zealand marketplaces is largely due to new partnerships with two leading coffee brokers.

Volume gains in the UK were primarily due to steadily increasing demand from existing customers.

GETTING PERSONAL WITH INDEPENDENT COFFEE HOUSES

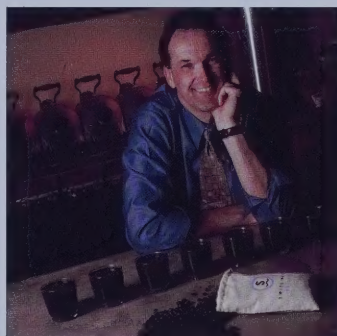
In North America, we continue to successfully execute our strategy of building mutually beneficial, long-term relationships with independent coffee houses. Ranging in size from single stores to small chains of 20 stores, these retail outlets are a natural fit for SWDCC. Given the discriminating tastes of the consumers they serve, independent coffee houses are predisposed to premium coffee and their operators are keen to learn about new ways of building consumer trust and loyalty.

In marketing to independent coffee houses, we have become widely recognized as a champion of education, not just about the unique characteristics of the SWISS WATER® chemical-free process, but about decaffeinated coffee in general. Our style is highly personalized, designed to bring our representatives face-to-face with the people who buy and sell our decaffeinated

coffees. This education-based sales approach sets us apart from our far-flung European and other competitors. It also provides our sales force with valuable insight into the high-margin independent coffee house market.

EXPANDING MARKET PENETRATION, REGION-BY-REGION

By concentrating on independent coffee houses in regional markets, we are able to put our sales and marketing resources to work intensely, with good result. This focus has brought us down the Pacific



Ben Hieltjes
Vice President Sales

Coast of the US, from the Pacific Northwest – where our presence is now well established – into the highly promising Northern California region. Late in 2003, we added a new San Francisco-based West Coast sales representative to help us to grow in this region.

Throughout 2004, our West Coast sales force worked to enhance our brand's presence through several targeted marketing initiatives. These included co-branding programs and ongoing campaigns to increase consumer awareness of

our product within grocery stores and specialty coffee shops. New product offerings helped to fuel the increased business. In addition, we re-launched several key trade communications during the latter part of the year, including a new educational video and an updated website.

Our geographic expansion on the West Coast was supported by highly-targeted and cost-effective television advertising in the San Francisco Bay area. SWDCC's "Power of Water" ads were met with positive response from the coffee trade and consumers alike. Our advertising program achieved its objective of building our business, both in terms of volume and brand awareness. In addition to improving customer response for our co-branding and point-of-sale initiatives, it led directly to the addition of several new accounts in the region.

While based on the West Coast, our regional sales force is increasingly active in developing business throughout the US. New account wins during 2004 included a large, premium Convenience Store retailer on the East Coast. As we move forward, we will continue to leverage the expertise of our western sales representatives to develop large key account business, as well as selected independent coffee house business in other targeted US markets.

INCREASING OUR SHARE OF THE BURGEONING ORGANIC MARKET

The organic food market continues to grow at a faster rate than any other segment of the food industry, particularly on the health-conscious West Coast of North America. As the only decaffeination facility in the world that has been

certified organic by both the Organic Crop Improvement Association and Aurora, SWDCC is uniquely positioned to respond to the rising demand for organic decaf.

Growing demand for organically-certified coffees continues to drive SWDCC's underlying business growth. In 2004, our organic volumes increased by 8%, and represented 15% of our consolidated volumes. This rate of growth is somewhat lower than in previous years as we have seen some incursion from competitors. One competitor in particular had some success in re-positioning its coffee oils decaffeination product as 'chemical-free' and price-point driven. We are currently executing several programs to respond to this incursion and are confident of success going forward.

MAINTAINING OUR ADVANTAGE

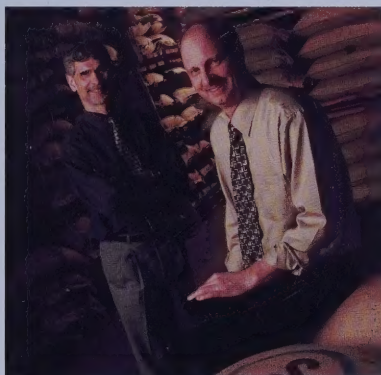
We expect that our growing success in developing the chemical-free decaffeinated coffee market will continue to draw new competitive interest from other decaffeinator. We intend to combat this increased competition through aggressive execution of our proven growth strategies and through the addition of new capacity. In addition to building consumer awareness of the SWISS WATER Process® brand through targeted marketing campaigns, we will continue to deliver a full-service value package to our customers. We are confident that this approach will enable us to maintain our close relationships with current accounts, and continue winning new accounts, into the future.

Recognizing that there is opportunity to significantly grow the chemical-free market has led us to add capacity. This new capacity is enabling us to be very aggressive in projecting our growth trajectory in the more price-sensitive mainstream chemical-free market.

EXPANDING OUR PRODUCTION CAPACITY

To ensure that we keep pace with growing demand, we have focused on maximizing our core plant asset in the short-term, and significantly expanding our production capacity in the long-term.

Our excellent production output in 2004 can be attributed to the foresight of our operations group to increase preventative maintenance spending in



*Jeff MacVicar, Plant Manager (foreground)
with Kurt Dyck, Head Engineer*

late 2003. This investment, coupled with better production scheduling and the smart application of new ideas, enabled us to support our volume growth through achieving greater efficiency and productivity from our plant. We were able to increase processing rates while improving underlying process management programs for safety, manufacturing practices, preventative maintenance, and quality management. Collectively, these program enhancements enabled us to realize a significant quality improvement in the second half of the year.

The expansion of our Burnaby, BC plant, which is scheduled for completion by the fourth quarter of 2005, will position us to meet growing customer demand. At year-end, construction work was on schedule and on budget.

To fund this major capital project, we completed a private placement of 1,220,000 units on March 23, 2004, raising gross proceeds of \$18 million. As the placement increased the total number of trust units issued and outstanding to 6,675,200, the Fund concurrently amended its distribution policy so that the distribution target remains at \$0.1085 per unit per month, but without reference to a percentage of distributable cash.

MANAGING OUR MARGINS

With approximately 77% of our annual sales denominated in US dollars, our business has been significantly affected by the weakening of the US dollar over the past two years. To date, we have been able to largely mitigate the impact of exchange rate volatility through our currency hedging program and the Canadian dollar-based pricing system we adopted in May 2003. To provide greater certainty for the coming year, we have now hedged all of our estimated 2005 US dollar sales at sustainable rates and have built these rates into our planning. However, if the Canadian dollar increases beyond current levels for 2006, we will see margin impact as we are unlikely to pass further cost increases onto customers.

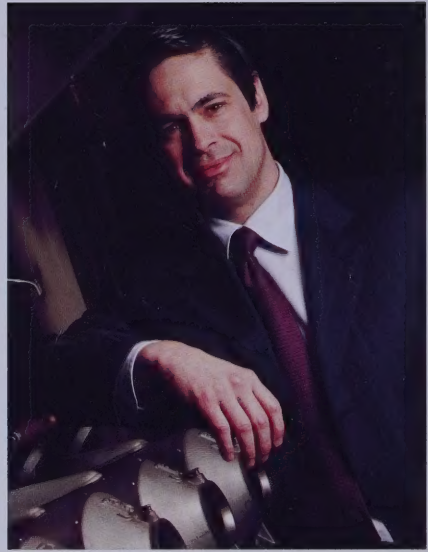
OUTLOOK

The outlook for our business is positive. Consumption of decaffeinated coffee continues to increase and there is a growing awareness of the benefits of chemical-free and organic decaffeination methods. SWDCC is a market leader in both categories and we continue to work hard to enhance our competitive advantages. Going into 2005, our priorities are to maintain our sales momentum and to effectively manage our margins so we can continue to meet our commitments to our unitholders. We are confident of our ability to do both.

Currently, we are witnessing a rapid increase in coffee commodity pricing on the New York Coffee Sugar and Cocoa Exchange (CSCE). As in the past, we anticipate that roasters will tighten inventories over the near-term as they come to terms with the higher coffee prices. We have begun to see some softness in our first quarter volumes.

Overall for 2005, we expect that our volume growth rate may be more modest than the 12% achieved in 2004. With the capacity to supply additional volume on the near-term horizon, we will be well positioned to accommodate the tremendous growth of key customers and pursue new mainstream opportunities. By the time the expansion comes on-line in the fourth quarter of 2005, we anticipate that we will have won new business that will accelerate our rate of growth in subsequent years.

As indicated at the time of our March 2004 private placement, we anticipate that we may generate less distributable cash in 2005 than we distribute to unitholders. This is because we intend to maintain distributions at the current monthly rate, despite the increased number of units that are now outstanding, and we will be making these distributions on a full-year basis, compared to nine months in 2004. We also expect to see some added costs in 2005 related to the start-up of the new production line, as well as some incremental



*Frank A. Dennis
President and Chief Executive Officer,
and Trustee*

labour and energy expenses. As we continue to grow the business, we believe that any shortfall will be temporary, and accordingly we intend to utilize our credit facilities for funding, if required.

In closing, I extend sincere thanks to our employees for their unflagging commitment to our business, our customers and our suppliers for being our partners in success, and our unitholders and Board members for your continued support and confidence.

On behalf of the Board of Trustees,

A handwritten signature in dark ink, appearing to read 'Frank A. Dennis'.

FRANK A. DENNIS
Trustee
President and CEO
Swiss Water Decaffeinated
Coffee Company Inc.

Management's Discussion and Analysis

This Management's Discussion & Analysis ("MD&A") of the Swiss Water Decaffeinated Coffee Income Fund (the "Fund") is dated as of March 28, 2005, which is the date of filing this document. This MD&A relates to the fiscal year ended December 31, 2004.

All financial information is presented in Canadian dollars, unless otherwise specified.

FORWARD-LOOKING STATEMENTS

This MD&A may contain forward-looking statements. Such statements involve known and unknown risks, uncertainties and other factors outside management's control that could cause actual results to differ materially from those expressed in the forward-looking statements. The Fund does not assume responsibility for the accurateness and completeness of the forward-looking statements and does not undertake any obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances.

STRUCTURE OF THE FUND

The Fund is an unincorporated, open-ended, limited purpose trust established under the laws of British Columbia by a Declaration of Trust. Each unitholder participates pro rata in distributions of net earnings and, in the event of termination of the Fund, participates pro rata in the net assets remaining after satisfaction of all liabilities. Income tax obligations related to the distribution of net earnings by the Fund are the obligations of the unitholders.

The Fund was launched on July 24, 2002, when we completed an initial public offering (IPO) of 5,455,200 trust units at a price of \$10.00 per unit, for gross proceeds of approximately \$54.6 million. The net proceeds, after deducting certain expenses of the offering and underwriting fees, were used to acquire 100% of the common shares and \$45 million of 13.75% unsecured subordinated notes of Swiss Water Decaffeinated Coffee Company, Inc. ("SWDCC"). Prior to July 24, 2002, SWDCC operated independently as a privately held entity.



Dave Wong, Controller and Burt Dennis, Chief Financial Officer and Trustee

On March 23, 2004, the Fund completed a private placement of 1,220,000 trust units at a price of \$14.80 per unit, for gross proceeds of approximately \$18.056 million. As a result of this private placement, the total trust units issued and outstanding increased to 6,675,200. The net proceeds, after deducting certain costs of the private placement, were used to acquire \$1.725 million in additional common shares in SWDCC and \$15.7 million of 13.5% unsecured subordinated notes of SWDCC. As discussed later in this MD&A, SWDCC is using these net proceeds to expand our production capacity.

The consolidated financial statements include the accounts of the Fund, our wholly owned subsidiary, SWDCC, and Swiss Water Decaffeinated Coffee

Company USA, Inc., a wholly owned subsidiary of SWDCC. Intercompany accounts and transactions have been eliminated on consolidation.

The Fund's units trade on the Toronto Stock Exchange under the symbol SWS.UN and, as at the date of this report, 6,675,200 units were issued and outstanding.

BUSINESS OVERVIEW

Headquartered in Burnaby, British Columbia, SWDCC is the world's leading branded chemical-free coffee decaffeinator. Operations are carried out in a leased facility which comprises approximately 38,000 square feet of space and houses the SWISS WATER® Process facilities.

The majority of our product volume, approximately 72% in 2004 and 65% in 2003, is processed under arrangements whereby we charge a processing fee for the decaffeination of green coffee beans belonging to our customers. We do not take title to these green coffee beans. This volume is categorized as "toll" business and is comprised entirely of processing revenue.

The remainder of our product volume is comprised of premium-grade arabica green coffee beans that we purchase from the specialty green coffee trade, decaffeinate and then sell to our customers. This volume is categorized as "non-toll" business and includes both processing revenue and green coffee cost recovery revenue.

Our cost of goods sold is primarily the cost of green coffee purchased for non-toll business, and the plant labour and processing costs directly associated with the production facility.

We source green coffee beans through coffee brokers from coffee-producing countries located mainly in Central and South America, Africa and Asia. The price is based on the New York 'C' (NYC) coffee commodity price, plus a quality differential. Historically, the NYC component makes up more than 80% of the total cost of green coffee, while the quality differential typically accounts for less than 20% of the total cost. Both the NYC price and the quality differential fluctuate in response to

fundamental commodity factors that affect supply and demand. We have hedging strategies in place to help minimize the impact of movement in the NYC component of coffee prices between the time we purchase the green coffee beans and the time we sell the decaffeinated green coffee beans to our customers – approximately four months. There is no open market to hedge the quality differential component of our green coffee cost. Therefore, in periods of rising differential markets we experience a differential cost recovery gain, and in periods of falling differential markets we experience a loss on differential cost recoveries. Historically, differential cost recovery gains and losses have generally balanced each other out over the course of a full year.

Since we hold net US dollar assets in our balance sheet in the form of US dollar accounts receivable, any foreign exchange gains or losses resulting from sustained Canadian dollar movement are recognized as they are realized, and also included in cost of goods sold.

In periods of significant NYC coffee commodity price volatility, increases or decreases in total sales and total cost of goods sold may have a considerable impact on our gross profit as a percentage of revenue. However, such increases or decreases in coffee market prices will generate corresponding increases or decreases in non-toll revenue and non-toll cost of goods sold, and therefore absolute gross profit dollars are generally unaffected. For this reason, when reviewing gross profit performance in any given reporting period, we focus primarily on the absolute dollar amount of gross profit generated and not on gross profit as a percentage of sales. Our hedging strategies help mitigate the effects of changing coffee market prices to minimize the impact on gross profit dollars earned during periods of market volatility.

We promote the SWISS WATER® branded decaffeination process through consumer and industry marketing and advertising. This includes conducting market research regarding the

behaviour of decaffeinated coffee consumers, and developing and executing media, print and in-store merchandising programs.

OPERATING RESULTS

Sales

Our sales revenue and cost of sales are both impacted by the proportionate contribution of our toll and non-toll businesses. This is because sales revenue from our non-toll business includes the recovery of green coffee costs, which are also included in our cost of sales. Therefore, in a period where the proportionate contribution of our non-toll business is down, our sales revenue and our cost of sales will also be lower. For this reason, our primary focus is on the total gross profit dollars generated, as this number is not significantly affected by our business mix.

In 2004, we recorded sales revenue of \$24.817 million. This represents an increase of \$512 thousand, or 2%, over 2003, when we recorded sales revenue of \$24.305 million.

Processing volumes in 2004, measured in pounds of coffee, increased by 12% on a year-over-year basis, maintaining our steady historical growth trend. In 2003, processing volume grew by 11% over 2002.

Demand for SWISS WATER® decaffeinated coffees is being driven by several key market trends:

- The continued expansion of the specialty coffee market, combined with an aging population base, is fueling an increase in consumption of decaffeinated coffee.
- The growing demand for healthier food choices is driving demand for chemical-free and organic decaffeinated coffees.

Sales revenue for the year did not increase at the same rate as processing volumes primarily due to a change in our business mix. In 2004, our toll business contributed 72% of our total volumes, compared to 65% in 2003. As explained above, a proportionate decrease in our non-toll business

also reduces our sales revenue, due to the corresponding decrease in our green coffee cost recovery revenue. In addition, our average processing fees were slightly lower in 2004 compared to 2003. This is mostly due to the fact we have not fully passed on to our customers the negative impact of the declining value of the US dollar in the relation to that of the Canadian currency.

During the three months ended

December 31, 2004, we recorded sales revenue of \$6.685 million. This represents a decrease of \$187 thousand over the same period in 2003. While our processing volumes were 13% higher than in the same quarter of last year, the sales revenue impact of the higher volumes was more than offset by a change in our business mix and slightly lower processing fees.

During the three months ended December 31, 2004, our toll business contributed 74% of our total volume compared to 63% in the same period of last year. As with the full-year result, this change resulted in a reduction in our sales revenues and in our cost of sales. Similarly, our average processing fees were down compared to the same period of last year due to the negative impact of the stronger Canadian dollar.

Cost of Goods Sold

In 2004, cost of goods sold totalled \$11.463 million, a decrease of \$471 thousand, or 4%, from the \$11.934 million recorded in the same period of last year. The difference is attributable to the decline in the proportionate contribution of our non-toll business, which led to a decrease in our green coffee costs.

The decrease in green coffee costs was partially offset by an increase in our variable processing costs. However, our increase in variable processing costs was less than our 12% volume growth as greater production efficiencies were achieved in 2004.

During the three months ended December 31, 2004, cost of goods sold totalled \$3.224 million, a decrease of \$342 thousand from the \$3.566 million recorded in the same period last year. As with the full-year result, the difference is due to the decline in the proportionate contribution of our non-toll business, which led to a decrease in our green coffee costs.

Likewise, the decrease in green coffee costs was partially offset by higher variable processing costs, which increased at a lesser rate than our 13% volume growth in the quarter due to greater production efficiencies being achieved.

Gross Profit

In 2004, gross profit totalled \$13.354 million, an increase of \$983 thousand, or 8%, from the \$12.371 million recorded in 2003. The increase resulted from a \$512 thousand increase in sales and a \$471 thousand decrease in cost of goods sold, as discussed in the relevant sections above.

The year's 12% increase in processing volumes was partially offset by slightly lower average processing rates. Variable processing costs increased, but at a lesser rate than the volume increase, due to the production efficiencies that were achieved in 2004. Changes in our business mix impact both sales and cost of goods sold and are therefore not a factor in comparing gross margins from period to period.

During the three months ended December 31, 2004, gross profit totalled \$3.461 million, an increase of \$155 thousand, or 5%, from the \$3.306 million recorded in the same quarter of last year. The increase resulted from a \$187 thousand reduction in sales, which was more than offset by a \$342 thousand decrease in cost of goods sold, as discussed previously.

As with the full-year result, the 13% increase in processing volumes in the quarter was partially offset by slightly lower average processing rates. Similarly, variable processing costs increased, but not to the same extent as the volume increase, again due to greater production efficiencies being

achieved in the quarter. Changes in our business mix impact both sales and cost of goods sold and are therefore not a factor in comparing gross margins from period to period.

Selling and administration expenses

Our selling and administration expenses are comprised of consumer promotion and advertising, salaries, and other general and administration costs.

In 2004, consumer promotion and advertising expenditure totalled \$1.047 million, an increase of \$460 thousand from the \$587 thousand spent in 2003, which was lower than historical averages. In addition to on-going trade and marketing initiatives, a television advertisement was produced and aired in the San Francisco Bay area in 2004. The advertisement contributed to increased brand awareness in this key market.

During the three months ended December 31, 2004, consumer promotion and advertising expenditure was \$227 thousand, compared to \$53 thousand in the same quarter of last year. This increase also reflects a return to historical levels of product promotion.

Salaries expense includes all compensation costs associated with salaried personnel and other personnel-related costs, such as compensation for part-time consultants and temporary staff.

In 2004, salaries expense totalled \$2.259 million, which is up by \$112 thousand, or 5%, from the \$2.147 million recorded in 2003. We employed 15 salaried staff during most of 2004, compared to 16 people for most of 2003. The year-over-year increase in salaries expense is primarily related to annual base salary increases, plus a greater provision for bonuses due to improved operating results.

During the three months ended December 31, 2004, salaries expense was \$672 thousand, up by \$126 thousand from \$546 thousand in the same quarter of 2003. Most of the increase was related

to an increase in the year-end provision for performance bonuses based on improved operating results.

Other general and administration costs include occupancy costs, professional fees, insurance, staff-related travel and miscellaneous overhead charges.

In 2004, these costs totalled \$1.173 million, an increase of \$83 thousand from the \$1.090 million recorded in 2003. Increases were noted in insurance rates, travel, computer support and facilities rent.

During the three months ended December 31, 2004, other general and administration costs totalled \$357 thousand, compared to \$314 thousand in the same period of last year. The increase is primarily attributable to higher travel and other overhead costs in the quarter.

Income before interest, depreciation and amortization, fund administration and trustee fees, and provision for income taxes

In 2004, income before interest, depreciation and amortization, fund administration and trustee fees, and provision for income taxes (or EBITDA, as discussed in the Non-GAAP Financial Measures section below) was \$8.875 million. This is an increase of \$328 thousand, or 4%, from the \$8.547 million recorded during 2003. The increase resulted from the year's \$983 thousand increase in gross profit, which was partially offset by an increase of \$655 thousand in selling and administration expenses, (including the additional \$460 thousand in consumer promotion and advertising). The reasons for these changes are discussed in the relevant sections above.

During the three months ended December 31, 2004, EBITDA was \$2.205 million, down by \$188 thousand from the \$2.393 million recorded during the same quarter of last year. Although gross profit increased by \$155 thousand year-

over-year, this gain was more than offset by a \$343 thousand increase in selling and administration expenses (of which \$174 thousand was consumer promotion and advertising). Again, the reasons for these changes are as discussed above.

Interest

In 2004, net interest income of \$160 thousand was earned, compared to an expense of \$34 thousand in 2003. The interest income was generated by interest-bearing securities that have been held since the closing of the private placement completed in March 2004. The proceeds of this placement are being used to fund a plant expansion that commenced in 2004 but will not be complete until the fourth quarter of 2005. Funds generated by the placement are being held in interest-bearing securities until they are required for plant expansion costs.

During the three months ended December 31, 2004, interest income of \$60 thousand was recorded, compared to an expense of \$8 thousand in the fourth quarter of last year.

Depreciation and amortization

In 2004, depreciation and amortization was \$1.519 million, up from \$1.387 million in 2003. The increase relates primarily to the first full year of depreciation on our 2003 additions of a new coffee bean dryer and increased office space.

During the three months ended December 31, 2004, depreciation and amortization was \$381 thousand, compared to \$369 thousand in the fourth quarter of last year.

Fund administration and trustee fees

Fund administration costs are comprised of trustee fees and other expenses required to administer the Fund. These expenses include professional fees, transfer agent costs, investor relations costs and other related overhead.

In 2004, fund administration and trustee fees were \$349 thousand, slightly higher than the \$337 thousand recorded in 2003.

During the three months ended December 31, 2004, fund administration and trustee fees were \$78 thousand, comparable to the \$78 thousand recorded in the fourth quarter of last year.

Income before provision for income taxes and net income

In 2004, income before provision for income taxes was \$7.167 million, an increase of \$378 thousand, or 6%, from the \$6.789 million recorded in 2003.

A provision for income taxes of \$155 thousand was recorded in 2004, compared with a provision of \$477 thousand in 2003. The 2004 provision is comprised of an expense of \$135 thousand for large corporation tax, an expense of \$266 thousand for future income taxes and a recovery of \$246 thousand of current income taxes. The current income tax recovery resulted because SWDCC was in a loss position for income tax purposes, primarily due to the interest expense on the notes issued to the Fund upon the March 2004 private placement. In 2003, SWDCC was in a taxable position.

Net income in 2004 was \$7.012 million, an increase of \$700 thousand, or 11%, from the \$6.312 million recorded during 2003.

During the three months ended December 31, 2004, income before provision for income taxes was \$1.806 million, a decrease of \$132 thousand from the \$1.938 million recorded in the same period of 2003.

During the quarter, a net provision for income taxes of \$14 thousand was recorded. This is less than the \$277 thousand recorded in the same period of last year, primarily due to two factors. Firstly, in 2003 the full year expense for large corporation tax was accrued in the fourth quarter, while in 2004 it was accrued evenly throughout

the year. Secondly, the net provision for income taxes was reduced by the impact of the SWDCC income tax recovery discussed above.

Net income for the quarter was \$1.792 million, an increase of \$131 thousand from the \$1.661 million recorded during the same quarter of last year.

NON-GAAP FINANCIAL MEASURES

Distributable Cash and EBITDA are non-GAAP financial measures. Non-GAAP financial measures do not have any standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other entities.

The Fund defines Distributable Cash as cash flow from operating activities before changes in non-cash operating assets and liabilities (as per the Consolidated Statement of Cash Flows), less maintenance capital expenditures. Maintenance capital expenditures are defined as cash outlays, capital in nature, required to maintain the business at its current operating capacity and efficiency level. Non-maintenance capital expenditures are those that are judged to be for the purpose of increasing capacity or improving efficiency levels and are not recorded as a reduction from distributable cash flow.

The Fund defines EBITDA as net income before interest, depreciation and amortization, fund administration and trustee fees, and provision for income taxes, and is reconciled to net income on the consolidated statement of operations. The reporting of EBITDA is intended to assist users in the performance of financial analysis.

CASH DISTRIBUTIONS

Historically, the Fund's policy has been to make monthly distributions to unitholders based on 90% of the annual Distributable Cash generated by SWDCC. This resulted in monthly distributions at a rate of \$0.1085 per unit during 2003 and the first three months of 2004. In March 2004, the Fund issued 1,220,000 additional units by way of a private placement in order to raise capital for a

plant expansion. In conjunction with the placement, we amended our distribution policy to set the monthly distribution target at the historical \$0.1085 per unit, without reference to a percentage of Distributable Cash. Distributions are declared monthly by the trustees and are not guaranteed. Distributions are dependent upon the amount of cash available for distribution, which is ultimately determined by the results of SWDCC's operations.

In completing the private placement and formulating the new distribution policy, we recognized that there will likely be some periods when distributions will exceed Distributable Cash generated. The Fund's objective is to benefit from the plant expansion through the continued growth of the business and the Distributable Cash

generated, so that the operations of SWDCC can fully support the distributions. In the interim, the Fund may use our Line of Credit to fund distributions in excess of the Distributable Cash generated. This is considered manageable provided SWDCC maintains the consistent annual growth we have achieved over the past few years and sustains our operating margins. We will review our distribution policy on a quarterly basis.

Monthly distributions are paid on a level basis in order to smooth out normal seasonal fluctuations that occur over the course of a year.

Distributable Cash for 2004 was \$8.590 million and for the three months ended December 31, 2004 was \$2.176 million. Distributable Cash calculations are as follows:

Distributable Cash

(in \$000's except per unit amounts)

	Three months ended Dec. 31, 2004	Three months ended Dec. 31, 2003	Year ended Dec. 31, 2004	Year ended Dec. 31, 2003
Cash flow from operating activities before changes in non-cash operating assets and liabilities	\$ 2,237	\$ 2,064	\$ 8,797	\$ 7,929
Less maintenance capital expenditures	(61)	(18)	(207)	(100)
Addback reserve for Special Project fees	—	—	—	82
Distributable Cash generated	\$ 2,176	\$ 2,046	\$ 8,590	\$ 7,911
Distributions paid	\$ 2,172	\$ 1,776	\$ 8,294	\$ 7,103
Per Trust Unit calculations: ⁽¹⁾				
Distributable Cash generated per unit	\$ 0.3260	\$ 0.3751	\$ 1.3426	\$ 1.4502
Distributions paid per unit	\$ 0.3254	\$ 0.3256	\$ 1.2962	\$ 1.3020

(1) Per trust unit calculations are on a weighted average basis of units outstanding in the period, basic and diluted, and taking into account the private placement of 1,220,000 additional units on March 23, 2004

CASH FLOW AND LIQUIDITY

Cash flow from operations

In 2004, the Fund generated \$8.797 million in cash flow from operations, before changes in non-cash operating assets and liabilities. This is an increase of \$867 thousand, or 11%, from the \$7.929 million generated in 2003.

In 2004, there was a net increase of \$1.436 million in use of cash to fund operating assets and liabilities. The largest such uses of cash were to fund inventory increases, at \$1.305 million, and accounts receivable, at \$601 thousand. These were partially offset by an increase in accounts payable and accrued liabilities of \$734 thousand.

Inventory increased for two reasons:

- To ensure product supply, we are holding greater physical inventories of green coffee.
- Market prices for green coffee have increased, due to both a rising NYC coffee commodity price and rising differentials for premium quality coffees.

We have increased our physical inventory levels in response to lengthening shipping lead times from coffee origin caused by a shortage of shipping containers and generally increased shipping volumes of products worldwide. Our physical inventories were approximately 37% higher at December 31, 2004 than at December 31, 2003. At the same time, our average cost of green coffee increased by almost 30% in 2004.

Our accounts receivable have increased but our aging remains at acceptable levels. We continue to make a nominal allowance for bad debts but did not incur any write-offs in 2004.

In 2004, the Fund paid distributions to unitholders totaling \$8.294 million, up from \$7.103 million in 2003. This increase was a result of the private placement of an additional 1,220,000 units in March 2004. We maintained our per unit distribution rate in 2004, but the total amount of distributions increased from March 2004 due to the higher number of units outstanding.

In addition to cash flow from operations, the private placement of 1,220,000 units at \$14.80 per unit generated gross proceeds of \$18.056 million. The Fund incurred issuance costs of \$631 thousand for net proceeds of \$17.425 million. These net proceeds are being used to fund an \$18 million expansion of our existing plant facility in Burnaby, BC. Our planned expansion involves constructing a second SWISS WATER® Process production line, which is anticipated to initially increase our capacity by approximately 65%. The new line is being designed so that it can be further expanded in the future to achieve an estimated doubling of

our current capacity. This would require an additional future capital expenditure of approximately \$2 million.

At December 31, 2004, a total of \$3.629 million had been expended on the plant expansion. A further \$207 thousand was expended in 2004 on maintenance capital expenditures, resulting in total additions to property, plant, and equipment of \$3.836 million.

On-site work undertaken to December 31, 2004 with respect to the plant expansion has involved clearing of the former warehouse and maintenance shop area for the new production area, construction of a new maintenance shop in a different section of the plant, and foundation preparation work in the new production area. Funds were also applied during the year for off-site equipment construction and fabrication work. In addition to the capital expenditures recorded to December 31, 2004 for the expansion, we have contractually committed to a further \$10.75 million. Certain aspects of the expansion project require third-party consents and approvals. To date, all necessary approvals, including municipal building permits and landlord approvals, have been received. At this time, we know of no reason why future permits would not be obtained. Completion of the expansion project is expected by the fourth quarter of 2005, as previously estimated.

The net of the above-described cash flows resulted in an increase in cash in 2004 of \$12.656 million. When added to the cash balance of \$239 thousand at the end of 2003, the resultant cash balance at December 31, 2004 was \$12.895 million.

During the three months ended December 31, 2004, the Fund generated \$2.236 million in cash flow from operations, before changes in non-cash working capital. This is an increase of \$81 thousand from the \$2.187 million generated in the same quarter of 2003. The Fund also generated \$74 thousand from net changes in non-cash

operating assets and liabilities, as an increase in accounts payable and accrued liabilities more than offset increases in inventory and accounts receivable. In the fourth quarter of 2004, the Fund invested \$1.744 million in capital expenditures, and paid \$2.173 million in distributions. With respect to the capital expenditures, \$61 thousand was considered maintenance capital expenditures and the balance was related to our capacity expansion. The net decrease in cash of \$1.607 million in the quarter reduced the cash balance to \$12.895 million as at December 31, 2004.

Credit facilities and liquidity

SWDCC has a \$3.0 million collateralized line of credit bearing interest at the bank prime lending rate plus 0.75%. In addition, SWDCC has a \$2.0 million non-amortizing term capital expenditure facility due July 23, 2005. This facility was secured to fund expansionary capital expenditures. To date, the capital expenditure facility has not been utilized, as expansionary capital requirements have been funded internally and from the private placement.

We expect cash flow from operations, together with cash on hand and unutilized credit facilities, to be sufficient to fund our operating requirements, capital expenditures and anticipated Fund distributions as we go forward.

OUTLOOK

We expect our production volumes to continue to grow, based on growing demand for our 100% chemical-free SWISS WATER® processed coffees. This is a result of the continued growth of the decaffeinated segment of the specialty coffee market, combined with the positive impact of our branding and marketing strategies. The four key elements of our business strategy are to:

- Build consumer demand for the 100% chemical-free SWISS WATER® Process brand
- Lead the organic decaffeinated coffee market segment

- Build sales in the higher margin independent coffee house segment
- Increase SWISS WATER® Process capacity and continue to develop the mainstream chemical-free decaffeinated segment

Growth continues to be generated across the core segments of our business and our outlook is for this to continue. We expect growth rates to be maintained with many of our key customers. One of our service agreements with Kraft Canada Inc. expired December 31, 2004 (the other extends through to the end of 2007). We are currently finalizing the renewal terms with Kraft and in the meantime we continue to service Kraft's requirements under the terms of the previous contract.

We continue to closely monitor two emerging issues that could impact our margins in the future – the increased competitive activity we are seeing from other chemical-free decaffeinator, and the further weakening of the US dollar.

With respect to the increased competition, our business is being affected by product offerings that are price-point driven. These competitors, however, do not provide a full value package, as SWDCC does. To support roasters in building the chemical-free decaffeination category among consumers, we work hard to build awareness through many ongoing initiatives. These include the development and provision of point-of-sale materials, direct-to-consumer advertising and front-line staff education.

We are also being affected by the weakening of the US dollar. In 2004, 77% of our sales were denominated in US dollars. Since May 2003, SWDCC has employed Canadian dollar-based pricing with customers whose transactions are conducted in US dollars. Generally, a current exchange rate is used to convert our Canadian dollar-based price into a US dollar-based invoice at the time of sale. While our US-denominated customers have been subject to significant price

increases since the beginning of 2003, we have not fully recovered the difference for the weakening US dollar. To reduce the impact of the exchange rate's volatility on our results in 2005, we have extended our currency-hedging program to fully cover all of our estimated US dollar sales for the year.

In the first quarter of 2005, we are witnessing a rapid increase in the NYC coffee commodity price. Historically in such market conditions we have noted coffee roasters deferring on coffee purchases and depleting their inventory levels. Ultimately, they need to replenish their inventories, but rapidly rising coffee prices can create short-term volume reductions. We are seeing some softness in our first quarter business volumes, but we expect this to be temporary as coffee roasters' inventory levels will need to be replenished.

Overall in 2005, our volume growth rate may be more modest than the 11% and 12% levels achieved in 2003 and 2004 respectively, due to capacity constraints. However, by the time the expanded facility is available for production in the fourth quarter of 2005, we plan to have won new business that will accelerate our growth rates in 2006 and subsequent years. We believe that the combined impact of increasing volumes from existing customers and added volumes from new customers will compensate for any future margin declines we may experience.

As we anticipated at the time of the March 2004 private placement and indicated in subsequent MD&A reports, in 2005 we expect that Distributable Cash generated may be less than Distributions declared. This is due to the following factors:

- It is our intention to maintain Distributions at the current monthly rate of \$0.1085 per unit, in which case total Distributions declared will be higher in 2005 than 2004.

This is because the additional 1,220,000 units issued in the March 2004 private placement will be outstanding for the full year in 2005, whereas in 2004 Distributions were only paid on these additional units for the nine months commencing in March 2004.

- As discussed above, we anticipate a more modest rate of volume growth in 2005 until capacity from the new production line is available in the fourth quarter of 2005. In addition, there is a possibility of lower margins due to competitive factors and the weaker US dollar. In the longer term, with the new capacity available, we expect to see volume growth outpacing any margin declines.
- We expect to have some additional start-up and fixed operating costs in 2005 when the new production line is launched. Such costs include labour to control the line and energy inputs such as gas, carbon, water, electricity, and sucrose. As volumes grow, these fixed costs will be quickly covered and incremental margins will be generated.

In the event that Distributions exceed Distributable Cash generated, we intend to utilize our credit facilities to fund the shortfall, assuming that circumstance continues to be viewed as temporary. We believe that any shortfall will be temporary as we are scheduled to have access to the 65% increase in production capacity that has been funded by the private placement during the fourth quarter of 2005. Therefore, as we look ahead to 2006 and 2007, our plan is that the further volume growth will generate increases in Distributable Cash.

RISKS AND UNCERTAINTY

The Fund is an unincorporated, limited purpose trust. Distributions to unitholders are declared monthly by the trustees and are not guaranteed. The ability to pay cash distributions is entirely dependent upon the earnings and cash flow

generated from operations. This may fluctuate with the performance of the business, which can be susceptible to a number of risks. These risks may include, but are not limited to, renewal of services agreements with key customers, competition from existing chemical and other natural or chemical-free coffee decaffeinator, competition from new entrants with alternate processing methods or agricultural technologies, environmental and regulatory risks, foreign exchange fluctuations, labour relations, intellectual property infringement, ability to maintain organic certification, coffee prices (notwithstanding hedging programs, as exact hedging correlation is not attainable), the availability of coffee, adequacy of insurance,

dependence on key personnel, product liability, and terms of credit agreements. In addition, there are certain risks associated with a trust, including the nature of trust units, dependence on SWDCC, restrictions on potential growth, capital investment, unitholder limited liability, income tax matters and government regulations. We continually take steps to mitigate risks through our operating procedures.

SELECTED FINANCIAL INFORMATION

Annual Financial Statement Analysis

The following is a summary of financial information for the Fund's last three completed fiscal years.

Selected Financial Information

In \$000's except per unit amounts

	Fiscal Year Ended December 31 2004	Fiscal Year Ended December 31 2003	For the period from July 24 to December 31 2002
Balance Sheet:			
Total assets	\$ 72,908	\$ 55,765	\$ 56,592
Total long-term liabilities ⁽¹⁾	4,680	4,414	4,182
Income:			
Sales	24,817	24,305	11,084
EBITDA ⁽²⁾	8,875	8,547	4,170
Net income	7,012	6,312	3,186
Distributable cash generated ⁽³⁾	8,590	7,911	3,817
Distributions paid	8,294	7,103	3,131
Per Trust Unit Data, basic and diluted: ⁽⁴⁾			
EBITDA	\$ 1.387	\$ 1.567	\$ 0.764
Net income	1.096	1.157	0.584
Distributable cash generated	1.343	1.450	0.699
Distributions paid	1.296	1.302	0.574

(1) Comprised only of future income taxes

(2) EBITDA is defined in the section Non-GAAP Financial Measures

(3) Distributable cash is defined in the section Non-GAAP Financial Measures

(4) Per Trust Unit Data in 2004 is calculated based on the weighted average of trust units outstanding, after reflecting the March 2004 private placement of 1,220,000 units.

In 2004, total assets increased primarily as a result of the March 2004 private placement, which raised \$17.425 million, net of costs. The funds raised are being used to expand SWDCC's plant. At December 31, 2004, \$12.895 million of the funds raised remained in cash as the expansion project is not expected to be completed until the fourth quarter of 2005.

Sales increased in 2004 as a result of a 12% increase in production volumes. However, this increase was not fully reflected in sales, as the relative proportion of our non-toll business decreased, resulting in a corresponding decrease in our green coffee cost recovery revenue.

Net income, Distributable Cash generated and

Distributions paid all increased in 2004, primarily as a result of our increased production volumes (as more fully explained previously).

On a per trust unit basis, EBITDA, net income, Distributable Cash generated, and Distributions paid all decreased in 2004 due to the impact of the increased number of trust units outstanding.

Income amounts in fiscal 2002 are not comparable as this was a partial year, following the Fund's inception on July 24, 2002.

Quarterly Information/Seasonality

The following table summarizes results for each of the eight most recently completed fiscal quarters:

Quarterly Information

(In \$000's except per unit amounts)

	Q4 2004	Q4 2003	Q3 2004	Q3 2003	Q2 2004	Q2 2003	Q1 2004	Q1 2003
<i>Sales</i>	6,685	6,872	6,026	6,125	6,250	5,228	5,856	6,080
<i>Gross Profit</i>	3,461	3,306	3,159	3,404	3,686	2,578	3,048	3,082
<i>EBITDA ⁽¹⁾</i>	2,205	2,290	2,218	2,331	2,466	1,730	1,983	2,094
<i>Net Income</i>	1,792	1,659	1,820	1,720	1,899	1,343	1,500	1,591
<i>Distributable Cash ⁽²⁾</i>	2,176	2,046	2,233	2,197	2,318	1,735	1,863	1,933
Per Unit: ⁽³⁾								
<i>EBITDA</i>	0.330	0.420	0.332	0.427	0.369	0.317	0.353	0.384
<i>Net Income</i>	0.268	0.304	0.273	0.315	0.285	0.246	0.270	0.292
<i>Distributable Cash</i>	0.326	0.375	0.336	0.403	0.347	0.318	0.335	0.354

(1) EBITDA is defined in the section Non-GAAP Financial Measures

(2) Distributable Cash is defined in the section Non-GAAP Financial Measures

(3) Per unit calculations are on a weighted average basis of units outstanding in the period taking into account the private placement of 1,220,000 additional units on March 23, 2004

Generally, our business has grown year-over-year. However, there is a slight seasonality factor in the specialty coffee industry, with the third and fourth quarters typically being stronger than the first and second quarters. In addition, the timing of planned production stoppages for maintenance impacts the comparison of our quarterly results. In 2004, maintenance stoppages occurred for a two-week duration in each of the first and third quarters. In 2003, there was one five-week

stoppage in the second quarter, during which maintenance work was combined with the installation of a new coffee dryer.

As noted in the Business Overview section, we focus on the absolute dollar amounts of gross profit, EBITDA and net income, rather than percentages, due to the impact of fluctuations in coffee prices and the proportionate mix of toll and non-toll business.

Contractual Obligations

The following table sets forth the Fund's most significant contractual obligations and commitments as at December 31, 2004:

Contractual Obligations

(In \$000's)

	Total	Less than 1 year	Payments Due – By Period		
			1-3 Years	4-5 Years	Over 5 Years
Long-term debt	—	—	—	—	—
Capital lease obligations	—	—	—	—	—
Operating leases ⁽¹⁾	735	215	430	90	—
Purchase obligations ⁽²⁾	12,688	12,688	—	—	—
Other long-term obligations	—	—	—	—	—
Total contractual obligations	\$ 13,423	\$ 12,903	\$ 430	\$ 90	

1) Minimum obligations for operating lease of warehouse and office space

2) Purchase obligations include the following:

- a. Various purchase commitments totaling \$10.750 million relating to the current plant expansion. In support of one of these purchases SWDCC has issued a conditional letter of credit for \$165,000.
- b. On-going commitments totaling \$1.938 million to purchase coffee and other raw materials.

In addition, as detailed in Note 13 of the 2004 Consolidated Financial Statements contained in this Annual Report, the company has entered into an agreement whereby it guarantees a minimum processing volume to a customer through to 2007. The Fund is not able to make a reasonable estimate of the maximum potential amount we could be required to pay if this minimum volume is not delivered, due to the unique nature of the processing service provided. The Fund has never made any payment under such agreement and no amount has been accrued in the consolidated financial statements with respect to this obligation.

Other obligations and commitments are incurred in the normal course of business operations.

Critical Accounting Estimates

This MD&A is based on the Fund's Consolidated Financial Statements, which have been prepared in accordance with accounting principles generally accepted in Canada. The preparation of these

financial statements requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

The Fund believes our most critical accounting estimates are as follows:

- Goodwill is recorded at cost and is tested for impairment annually. If future operating results of the Fund are less favourable than those projected by management, a write-down of goodwill and a charge to income may be required.
- Proprietary process technology represents the fair market value of SWDCC's proprietary technology used in the decaffeination of green coffee and it is not amortized but is tested for impairment annually. If future operating results of the Fund are less

favourable than those projected by management, a write-down of proprietary process technology and a charge to income may be required.

- Accounts receivable is net of an allowance for doubtful accounts. This allowance is based on an estimation of the potential of recovering our accounts receivable and incorporates historical, current, and expected collection trends.
- Inventory is recorded at the lower of average cost and net realizable value. Estimations are made in the determination of net realizable value of inventory.

Financial Instruments and Other Instruments

Please refer to Note 11 in the Fund's 2004 financial statements.

The Fund has no other off-balance sheet arrangements.

Adoption of New Accounting Standards

Effective January 1, 2004, the Fund adopted the CICA's new Accounting Guideline 13 (AcG-13), Hedging Relationships. AcG-13 requires hedging relationships be adequately documented to qualify for hedge accounting. We utilize hedging instruments to manage our exposure to fluctuations in the price of green coffee beans, as well as foreign exchange. We have assessed and documented the effectiveness of our hedging relationships in accordance with the Guidelines. We have judged our hedging relationships to be effective and qualify for hedge accounting treatment.

The Fund prospectively adopted the recommendations of CICA Handbook Section 3110 "Asset Retirement Obligations" as of January 1, 2004. These recommendations focus on the recognition and measurement of liabilities

for obligations associated with the retirement of property, plant and equipment when those obligations result from the acquisition, construction, development or normal operations of the assets. As we expect to use the majority of our property, plant and equipment for an indeterminate period, no removal date can be determined and consequently a reasonable estimate of the fair value of any related asset retirement obligations cannot be made at this time.

Effective January 1, 2004, the Fund prospectively adopted the new CICA Handbook Section 3063, "Impairment of Long-Lived Assets". This recommendation establishes standards for recognizing, measuring and disclosing impairment of long-lived assets held for use. We conduct our impairment test on long-lived assets when events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment-loss, if any, is determined as the excess of the carrying value of the asset over its fair value, and is charged to earnings.

Related Party Transactions

The Fund incurred no related party transactions.

Management's Statement of Responsibilities

The accompanying consolidated financial statements are the responsibility of management and have been reviewed and approved by the Board of Directors of the Swiss Water Decaffeinated Coffee Company Inc. and the Trustees of the Fund. The consolidated financial statements have been prepared by management, in accordance with Canadian generally accepted accounting principles and, where appropriate, reflect management's best estimates and judgements. Management has also prepared financial and all other information in the annual report and has ensured that this information is consistent with the consolidated financial statements.

The Company maintains appropriate systems of internal control, policies and procedures, which provide management with reasonable assurance that assets are safeguarded and the financial records are reliable and form a proper basis for preparation of financial statements.

The Board of Directors and the Trustees ensure that management fulfills its responsibilities for financial reporting and internal control through an Audit Committee. This committee reviews the consolidated financial statements and reports to the Trustees. The auditors have full and direct access to the Audit Committee.

The consolidated financial statements have been independently audited by Deloitte & Touche LLP, in accordance with Canadian generally accepted auditing standards. Their report below expresses their opinion on the consolidated financial statements of the Fund.



Frank A. Dennis
Trustee

Auditors' Report

To the Unitholders of
Swiss Water Decaffeinated Coffee Income Fund

We have audited the consolidated balance sheets of Swiss Water Decaffeinated Coffee Income Fund (the "Fund") as at December 31, 2004 and 2003 and the consolidated statements of operations, unitholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2004 and 2003 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LP

Chartered Accountants
Vancouver, British Columbia
March 16, 2005

Consolidated Balance Sheets

(in thousands of dollars)

	December 31, 2004	December 31, 2003
ASSETS		
CURRENT ASSETS		
Cash	\$ 12,895	\$ 239
Accounts receivable	3,243	2,642
Income taxes receivable	255	11
Inventory (note 4)	2,983	1,678
Prepaid expenses	193	173
	<u>19,569</u>	<u>4,743</u>
PROPERTY, PLANT AND EQUIPMENT (note 5)	14,741	12,324
OTHER ASSETS		
Goodwill	28,842	28,842
Proprietary process technology	9,000	9,000
Brand, net of amortization (\$244 - 2004, \$144 - 2003)	756	856
	<u>\$ 72,908</u>	<u>\$ 55,765</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	2,510	1,776
Distributions payable to Unitholders	724	592
	<u>3,234</u>	<u>2,368</u>
FUTURE INCOME TAXES (note 7)	4,680	4,414
	<u>7,914</u>	<u>6,782</u>
UNITHOLDERS' EQUITY		
UNITHOLDERS' EQUITY	<u>\$ 64,994</u>	<u>48,983</u>
	<u>\$ 72,908</u>	<u>\$ 55,765</u>

See accompanying notes to these Consolidated Financial Statements

Consolidated Statement of Unitholders' Equity

(in thousands of dollars)

	Unitholders' Capital	Accumulated Earnings	Distributions	Total
Balance as at July 24, 2002	\$ 49,719			\$ 49,719
Activity for the 161 days		3,186	(3,131)	55
Balance as at December 31, 2002	\$ 49,719	3,186	\$ (3,131)	\$ 49,774
Activity for the year		6,312	(7,103)	(791)
Balance as at December 31, 2003	\$ 49,719	9,498	\$ (10,234)	\$ 48,983
Issue of Fund Units, net	17,425			17,425
Activity for the year		7,012	(8,426)	(1,414)
Balance as at December 31, 2004	\$ 67,144	\$ 16,510	\$ (18,660)	\$ 64,994

See accompanying notes to these Consolidated Financial Statements

Consolidated Statements of Operations

(in thousands of dollars, except per unit amounts)

	Year ended December 31, 2004	Year ended December 31, 2003
SALES	\$ 24,817	\$ 24,305
COST OF GOODS SOLD	11,463	11,934
GROSS PROFIT	13,354	12,371
SELLING AND ADMINISTRATION EXPENSES		
Consumer promotion and advertising	1,047	587
Salaries	2,259	2,147
Other general and administration	1,173	1,190
	4,479	3,824
INCOME BEFORE INTEREST, DEPRECIATION AND AMORTIZATION, FUND ADMINISTRATION AND TRUSTEE FEES AND PROVISION FOR INCOME TAXES	8,875	8,547
OTHER EXPENSES		
Interest (income) expense	(160)	34
Depreciation and amortization	1,519	1,387
Fund administration and trustee fees	349	337
	1,708	1,758
INCOME BEFORE PROVISION FOR INCOME TAXES	7,167	6,789
Provision for income taxes (note 7)	155	477
NET INCOME	\$ 7,012	\$ 6,312
BASIC AND DILUTED NET INCOME PER TRUST UNIT	\$ 1.096	\$ 1.157
Weighted average number of trust units outstanding	6,398,533	5,455,200

See accompanying notes to these Consolidated Financial Statements

Consolidated Statements of Cash Flows

(in thousands of dollars)

	Year ended December 31, 2004	Year ended December 31, 2003
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	\$ 7,012	\$ 6,312
Items not involving cash		
Depreciation and amortization	1,519	1,387
Future income taxes	266	230
Cash flow from operating activities before changes in non-cash operating assets and liabilities	8,797	7,929
Change in non-cash operating assets and liabilities		
Accounts receivable	(601)	144
Income taxes receivable	(244)	(11)
Inventory	(1,305)	380
Prepaid expenses	(20)	40
Accounts payable and accrued liabilities	734	(40)
Income taxes payable	—	(226)
	7,361	8,216
CASH FLOWS USED IN INVESTING ACTIVITY		
Purchase of property, plant and equipment, net	(3,836)	(2,214)
	(3,836)	(2,214)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Distributions paid to Unitholders	(8,294)	(7,103)
Issue of trust units, net (note 9)	17,425	—
	9,131	(7,103)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	12,656	(1,101)
Cash (Bank Indebtedness), beginning of year	\$ 239	\$ 1,340
Cash (Bank Indebtedness), end of year	\$ 12,895	\$ 239
CASH FLOWS INCLUDE THE FOLLOWING ELEMENTS		
Income and Capital taxes paid	\$ 239	\$ 382
Interest (received)	\$ (160)	\$ —

See accompanying notes to these Consolidated Financial Statements

Notes to the Consolidated Financial Statements

December 31, 2004

(tabular amounts in thousands of dollars)

1. Formation of the Fund

Swiss Water Decaffeinated Coffee Income Fund (the Fund) is an unincorporated open-ended, limited purpose trust established under the laws of the Province of British Columbia by a Declaration of Trust made as at April 3, 2002. The Fund was formed to acquire 100 percent of the common shares of Swiss Water Decaffeinated Coffee Company Inc. (the "Company") on July 24, 2002.

Each unitholder participates pro rata in distributions of net income and, in the event of termination of the Fund, participates pro rata in the net assets remaining after satisfaction of all liabilities. Income tax obligations related to the distribution of net income by the Fund are the obligations of the unitholders.

2. Significant Accounting Policies

CONSOLIDATION

The accompanying consolidated financial statements include the accounts of the Fund, the Company, and a wholly owned subsidiary. Intercompany accounts and transactions have been eliminated on consolidation.

REVENUE RECOGNITION

Revenues are recognized when goods are shipped, title has passed to the customer, price is fixed, and collectability is reasonably assured.

PROPERTY, PLANT, AND EQUIPMENT AND DEPRECIATION

Capital assets are recorded at cost. Depreciation is provided on the straight-line basis over the following periods:

Machinery and equipment	10 years
Leasehold improvements	15 years
Computer software	5 years
Computer hardware	5 years
Furniture and fixtures	5 years

No depreciation is charge on construction in progress.

INVENTORY

Inventory is recorded at the lower of average cost and net realizable value. Average cost includes a component of realized and unrealized gains and losses on commodity forward contracts for inventory on hand. Finished goods and work in progress include amounts for labour and manufacturing overheads.

FOREIGN CURRENCY TRANSLATION

Transactions undertaken in foreign currencies are translated into Canadian dollars at the exchange rate prevailing at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies are converted into Canadian dollars at the exchange rate prevailing at the balance sheet date. Currency gains and losses are included in the results of operations in the year in which they occur.

The operations of the Company's integrated foreign subsidiary are translated using the Canadian dollar as the basis of measurement. Monetary items are translated at the rate of exchange in effect at the balance sheet date. Non-monetary items are translated at their historical rate and revenue and expense items are translated at the average rate for the year. Translation gains and losses are included in the results of operations for the year.

USE OF ESTIMATES

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

INCOME TAXES

The Fund's subsidiary computes income taxes using the asset and liability method, under which future income taxes are provided for the temporary differences between the financial reporting basis and the tax basis of the Company's assets and liabilities. Future tax assets and liabilities are measured using currently enacted tax rates that are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

GOODWILL

Purchased goodwill or goodwill acquired through business combinations are not amortized and is tested for impairment at least annually.

INTANGIBLE ASSETS

Proprietary process technology is not amortized but is tested for impairment annually with any excess of the carrying value amount over the fair value of the proprietary process technology charged to income. Brand is amortized over 10 years on a straight-line basis.

FINANCIAL INSTRUMENTS

Commodity forward contracts are used by the Company to manage the economic exposure to fluctuations in the price of green coffee beans. Gains and losses on commodity forward contracts are recognized when related raw material costs are charged to cost of sales and are deferred as a component of inventories if the related raw materials are on hand.

The Company manages a portion of its foreign exchange exposure through the use of forward exchange contracts. Gains and losses on these contracts are recognized in the same period as the income or expense arising from the corresponding hedged position.

ASSET RETIREMENT OBLIGATIONS

The Fund prospectively adopted the recommendations of CICA Handbook Section 3110 "Asset Retirement Obligations" as of January 1, 2004. These recommendations focus on the recognition and measurement of liabilities for obligations associated with the retirement of property, plant and equipment when those obligations result from the acquisition, construction, development or normal operations of the assets. As the Fund expects to use the majority of its property, plant and equipment for an indeterminate period, no removal date can be determined and consequently a reasonable estimate of the fair value of any related asset retirement obligations cannot be made at this time.

IMPAIRMENT OF LONG-LIVED ASSETS

Effective January 1, 2004 the Fund prospectively adopted the new CICA Handbook Section 3063, "Impairment of Long-Lived Assets". This recommendation establishes standards for recognizing, measuring and disclosing impairment of long-lived assets held for use. The Company conducts its impairment test on long-lived assets when events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment-loss, if any, is determined as the excess of the carrying value of the asset over its fair value, and is charged to operations.

NET INCOME PER TRUST UNIT

Net income per trust unit is calculated monthly based on the number of trust units outstanding on each record date. Net income per trust unit presented is the sum of the monthly earnings per trust unit for the reporting period.

COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year presentation.

3. Line of Credit

The Company has a \$3,000,000 line of credit bearing interest at the bank prime lending rate plus 0.75 percent. The available line of credit is collateralized as described in Note 6.

4. Inventory

	2004	2003
Raw materials	\$ 1,172	\$ 967
Finished goods	985	474
Work in progress	160	148
Realized and unrealized loss (gain) on forward contracts	666	89
	<u>\$ 2,983</u>	<u>\$ 1,678</u>

5. Property, Plant and Equipment

	Cost	Accumulated Depreciation	2004 Net Book Value	2003 Net Book Value
Machinery and equipment	\$ 12,733	\$ 2,884	\$ 9,849	\$ 10,852
Leasehold improvements	902	122	780	840
Computer software	318	152	166	230
Computer hardware	111	33	78	50
Furniture and fixtures	70	20	50	39
Construction in progress	3,818	—	3,818	313
	<u>\$ 17,952</u>	<u>\$ 3,211</u>	<u>\$ 14,741</u>	<u>\$ 12,324</u>

6. Credit Facility

The Company has a \$2,000,000 non-amortizing term Capital Expenditure Facility due July 23, 2005. The Capital Expenditure Facility is available to fund capital expenditures.

The Capital Expenditure Facility is held with a Canadian chartered bank, and bears interest at prime plus 1.25%. The credit agreement includes an operating line of credit (see Note 3) and both facilities are collateralized by a general security agreement over all of the assets of the Company.

7. Income Taxes

Income tax obligations relating to distributions from the Fund are the obligations of the unitholders and, accordingly, no provision for income taxes on the income of the Fund has been made. A provision for income taxes is recognized for the Company, as the Company is subject to tax, including large corporation taxes. In 2003 the large corporation tax was included in other general and administration expenses. The provision for the period is divided between large corporation, current and future taxes as follows:

	Year Ended December 31 2004	Year Ended December 31 2003
Large corporation taxes	\$ 135	\$ 103
Current income taxes	(246)	144
Future income taxes	266	230
	<u>\$ 155</u>	<u>\$ 477</u>

The provision for income taxes varies from the amount that would be expected if computed by applying the Canadian federal and provincial statutory income tax rates to the earnings before income taxes as shown in the following table:

	Year ended December 31, 2004	Year ended December 31, 2003
Net income before provision for income taxes	\$ 7,167	\$ 6,789
Net income of the Fund subject to tax in the hands of recipient	(7,288)	(5,971)
Net income of subsidiary company before provision for income taxes	<u>(121)</u>	<u>818</u>
Expected provision for income taxes	(43) 35.6%	255 35.6%
Disallowed portion of brand amortization	36	36
Large corporation tax	135	103
Other adjustments	<u>27</u>	<u>83</u>
Income tax expense	<u>\$ 155</u>	<u>\$ 477</u>

The components of future income tax liabilities consist of the following at December 31:

	2004	2003
Future income tax liabilities		
Original Goodwill and Proprietary Process Technology	\$ 1,272	\$ 978
Other	404	198
Capital assets	<u>3,004</u>	<u>3,238</u>
	<u>4,680</u>	<u>4,414</u>

8. Employee Benefits

The Company provides pension benefits to employees through a defined contribution plan. Pension benefit contributions for the year ended December 31, 2004 amounted to \$158,298 (December 31, 2003 - \$133,232).

9. Unitholders' Equity

An unlimited number of trust units may be issued by the Fund pursuant to the Fund's declaration of trust. Each unit is transferable and represents an equal, undivided beneficial interest in any distributions from the Fund and in the net assets of the Fund. All units are of the same class with equal rights and privileges and are not subject to future calls or assessments. Each unit entitles the holder to one vote at all meetings of unitholders.

Trust units are redeemable at any time at the option of the holder at a price based on market value as defined in the trust agreement, subject to a maximum of \$50,000 in cash redemptions by the Trust in any one month. The limitation may be waived at the discretion of the Trustees of the Fund. Redemption in excess of these amounts, assuming no waiving of the limitation, shall be paid by way of a pro-rata distribution of securities held by the Trust.

On March 23, 2004 the Fund completed a private placement of 1,220,000 trust units at a price of \$14.80 per unit for gross proceeds of \$18,056,000. The Fund incurred costs of \$631,467 which yielded net proceeds of \$17,424,533. The net proceeds are to be utilized to fund an expansion of the Company's processing capacity.

	Number of units	Gross proceeds	Issuance costs	Net Proceeds
Balance at December 31, 2003, being the initial issuance of trust units	5,455	\$ 54,552	\$ 4,833	\$ 49,719
March 23, 2004 private placement	1,220	18,056	631	17,425
Balance at December 31, 2004	6,675	\$ 72,608	\$ 5,464	\$ 67,144

10. Commitments

The Company has, in the normal course of business, entered into various contracts. As at December 31, 2004, these contracts include approximately \$10,750,000 related to the Company's expansion of production capacity. The balance relates to operating payments, including commitments for the purchase of green coffee in the amount of \$1,484,000 and the lease of the Company's facilities. The current term of the facilities lease expires in 2008, but the lease contains four further optional renewal terms totalling 20 years. A summary of future payments is as follows:

2005	\$ 12,903
2006	215
2007	215
2008	90
Total payments	\$ 13,423

11. Financial Instruments

The Fund's financial instruments consist primarily of cash, accounts receivable, income taxes receivable, and accounts payable, and accrued liabilities, all of which have fair values approximately equal to carrying values due to the immediate or short-term maturity of these financial instruments.

COMMODITY RISK

The Company utilizes certain forward contracts to manage its commodity price exposure. The Company sells commodity forward contracts for coffee beans on the Coffee, Sugar, and Cocoa Exchange in order to manage its commodity price exposure. As at December 31, 2004 the Company had sold forward contracts for 1,912,500 lbs (December 31, 2003 - 1,725,000 lbs) of green beans, with the contracts maturing in March 2005. The realized and unrealized losses related to these future contracts at December 31, 2004 are \$204,432 and \$326,436 respectively (December 31, 2003 - realized and unrealized losses \$1,028 and \$22,719 respectively), and where related to inventory on hand at December 31, has been classified in inventory on the balance sheet. The Company does not engage in trading or other speculative use of these financial instruments.

FOREIGN CURRENCY RISK

The Company realizes a significant portion of its sales in foreign currencies, principally U.S. dollars. During the year, the Company entered into forward exchange contracts to manage exposure to currency rate fluctuations related primarily to its future net cash flows of U.S. dollars from sales. The purpose of the Company's foreign currency hedging activities is to minimize the effect of exchange rate fluctuations on business decisions and the resulting uncertainty on future financial results. At December 31, 2004, the Company has forward exchange contracts to sell \$4,880,000 U.S. dollars (December 31, 2003 - \$5,500,000) from January through to September 2005 at various Canadian exchange rates ranging from \$1.19 to \$1.39. At December 31, 2004, the net unrealized gain on the foreign exchange contracts was approximately \$243,253 (December 31, 2003 - net unrealized gain of \$154,443). The Company has also entered into foreign exchange collar contracts to sell \$5,000,000 U.S. dollars from July through to December 2005. The Company is obliged to sell U.S. dollars at specific times and amounts for the collar limits of \$1.14 or \$1.23, if the prevailing foreign exchange rate at the time a contract comes due is outside of the collar limits.

INTEREST RATE RISK

The Company is exposed to interest rate risk arising from fluctuations in interest rates on its line of credit and credit facility as described in Notes 3 and 6.

CONCENTRATION OF CREDIT RISK

The Company is exposed to credit risk with respect to its accounts receivable; however, this is minimized by the Company's large customer base. The Company follows a program of credit evaluations of customers and limits the amount of credit extended when deemed necessary.

12. Segmented Information

The Company's sales are primarily generated in the following geographic markets:

	Year Ended December 31, 2004	Year Ended December 31, 2003
Revenue		
Canada	\$ 7,866	\$ 6,698
United States	14,420	14,279
Other	2,531	3,328
	<u>\$ 24,817</u>	<u>\$ 24,305</u>

Revenues from one major customer of \$4,521,883 (2003 - \$3,541,007) represented 18% (2003 - 15%) of total revenues for the year, and represented 26% (2003 - 15%) of total accounts receivable at December 31.

13. Guarantees

In the normal course of its operations, the Fund has entered into an agreement whereby the Fund guarantees a minimum processing volume to a customer through to 2007. If this minimum volume is not delivered, and if the customer incurs incremental costs and direct damages of processing through other sources, then the Fund will be liable to reimburse the customer for all such incremental costs.

The Fund is not able to make a reasonable estimate of the maximum potential amount it could be required to pay due to the unique nature of its processing service. The Fund has never made any payment under such agreements and no amount has been accrued in the consolidated financial statement with respect to these obligations.

14. Subsequent Event

The Fund paid a distribution of \$0.1085 per unit on January 17 and February 15, 2005 to unitholders of record on December 31, 2004 and January 31, 2005, respectively. The fund has also declared a distribution of \$0.1085 per unit on February 16, 2005 to unitholders of record on February 28, 2005.

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BOARD OF TRUSTEES



On site of new plant expansion project in Burnaby, B.C. Left to right: Trustees Alton McEwen, Daniel Sitnam, Richard Mahler and David Rowntree with Burt Dennis, CFO and Trustee and Frank Dennis, President, CEO and Trustee. Installation of a second production line is scheduled to be completed in Q4, 2005.

Alton McEwen
Retired

Alton is an experienced business executive with an excellent reputation in the worldwide specialty coffee industry. He was CEO of The Second Cup Ltd., Canada's leading specialty coffee retailer, from 2000 until his retirement in 2004, previously serving on the company's board and overseeing its US operations. In addition, he brings strong packaged goods and food service expertise gained through prior senior management positions with mmmuffins Ltd., Rowntree Canada, Laura Secord and Catelli Ltd. Alton is a graduate of McGill University.

Daniel A. Sitnam
President and CEO, Helijet International Inc.

Daniel is the founder of Helijet International Inc., the most successful scheduled helicopter service in North America. In his capacity as President and CEO, he oversees all financial, commercial and operational facets of the company, as well as its respective operating units, Helijet Charters and Pacific Helijet Services. Daniel has received several awards and much recognition within the business community for his entrepreneurial accomplishments.

Richard T. Mahler
Retired

Richard was Executive Vice President and CFO of Finning International Inc., the world's largest Caterpillar dealer, from 1990 until his retirement in 2003. In addition to serving on our board of trustees, Richard is Chair, Partnerships BC, a director of Selkirk Financial Technologies and the Vancouver Board of Trade, and a director and Treasurer of the VGH/UBC Hospital Foundation. He holds an MBA from McMaster University, and a B.Sc. in Mathematics and Computer Science from the University of Waterloo.

David J. Rowntree - Chairman
Managing Director, Tricor Pacific Capital

David is a founder and principal of Tricor Pacific Capital, a private equity investment firm. Prior to joining Tricor, David was Associate Counsel with Stikeman Elliot, a Canadian-based global law firm, where his clients included companies in the soft drink, beer and financial services industries. David holds a B.A. from the University of B.C. and a Bachelor of Law from Osgoode Hall Law School in Toronto, Ontario.

Burt Dennis
Chief Financial Officer, SWDCC

Burt brings more than 14 years diverse experience as a CFO to SWDCC. He has worked to build sales and earnings at a range of companies – from high-growth technology-based businesses to real estate development corporations – and has extensive corporate finance experience. Burt holds a Bachelor of Commerce degree from the University of British Columbia, and a Chartered Accountant designation.

Frank A. Dennis
President and CEO, SWDCC

Frank has led SWDCC since it separated from Kraft Foods in 2000. A proven brand-builder, Frank has worked within the coffee industry for more than 10 years. Past positions include Business Director of Kraft Foods Coffee Division, where he oversaw the growth of the Swiss Water® Process brand and the development of brands such as Nabob and Maxwell House. Frank holds a B.A. from the University of Western Ontario and an M.B.A. from the University of Toronto.

Corporate Information

SWISS WATER DECAFFEINATED COFFEE COMPANY INC.

OFFICERS

Frank A. Dennis
*President &
Chief Executive Officer*

Burt Dennis
Chief Financial Officer

Ben Hieltjes
Vice President Sales

Jeffrey MacVicar
Plant Manager

Dave Wong
Controller

DIRECTORS

Frank A. Dennis
*President &
Chief Executive Officer*

Burt Dennis
Chief Financial Officer

Richard T. Mahler
Retired

Alton McEwen
Retired

Daniel A.J. Sitnam
*President &
Chief Executive Officer
Helijet International Incorporated*

David Rowntree
*Managing Director
Tricor Pacific Capital Inc.*

HEAD OFFICE

3131 Lake City Way
Burnaby, British Columbia
V5A 3A3

www.swisswater.com

Fund Information

SWISS WATER DECAFFEINATED COFFEE INCOME FUND

TRUSTEES

David Rowntree
*Chairman of the Board
of Trustees
Managing Director
Tricor Pacific Capital Inc.*

Frank A. Dennis
*President &
Chief Executive Officer
Swiss Water Decaffeinated
Coffee Company Inc.*

Burt Dennis
*Chief Financial Officer
Swiss Water Decaffeinated
Coffee Company Inc.*

Richard T. Mahler
Retired

Alton McEwen
Retired

Daniel A.J. Sitnam
*President &
Chief Executive Officer
Helijet International
Incorporated*

INVESTOR RELATIONS

Burt Dennis
604-444-8780
bdennis@swisswater.com

AUDITORS

Deloitte & Touche LLP
Vancouver, British Columbia

UNITS LISTED

Toronto Stock Exchange
Trading Symbol: **SWS.UN**

TRANSFER AGENT

Computershare Trust
Company of Canada

ANNUAL GENERAL MEETING

Wednesday, May 11, 2005
11:00 am
The Fairmont Waterfront hotel
900 Canada Place Way
Vancouver B.C.



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